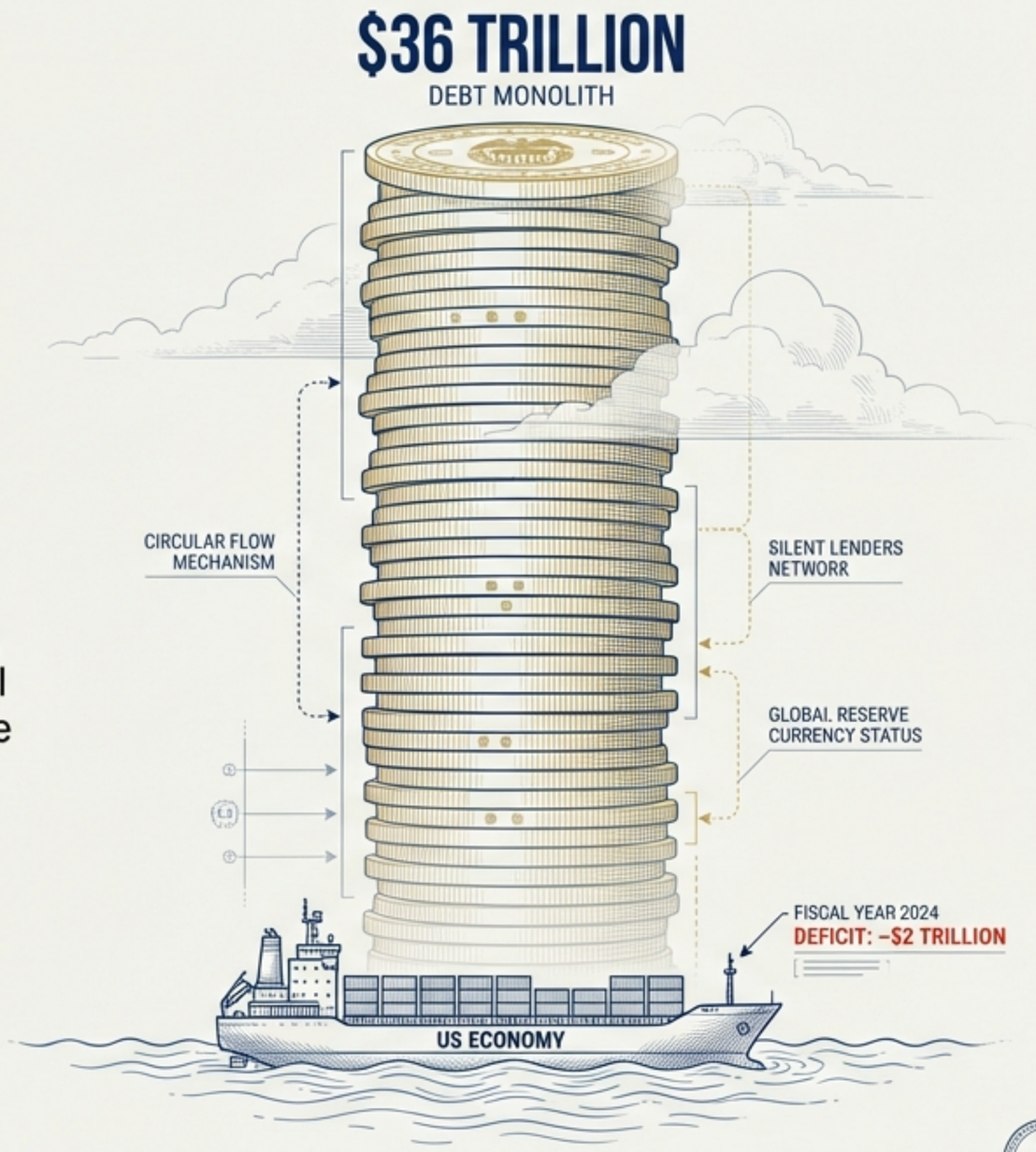
The $36 Trillion Riddle

If America is drowning in debt, who keeps giving it unlimited money?

Fiscal Year 2024 revealed a baffling anomaly. Despite **$36 trillion** in total debt and annual deficits of roughly **$2 trillion**, the financial machinery keeps turning. Treasury auctions succeed. The bills are paid. The system appears broken, yet it functions seamlessly.

This presentation deconstructs the hidden mechanisms, the silent lenders, and the circular flows that make the mathematically impossible, possible.



FORENSIE FINANCIAL ANALYSIS

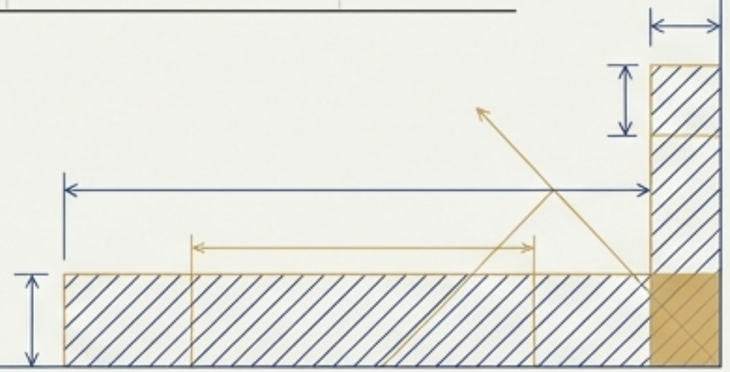
NotebookLM

The Interest Trap

The cost of the past is now consuming the present.

Federal Budget Major Line Items (FY 2024)

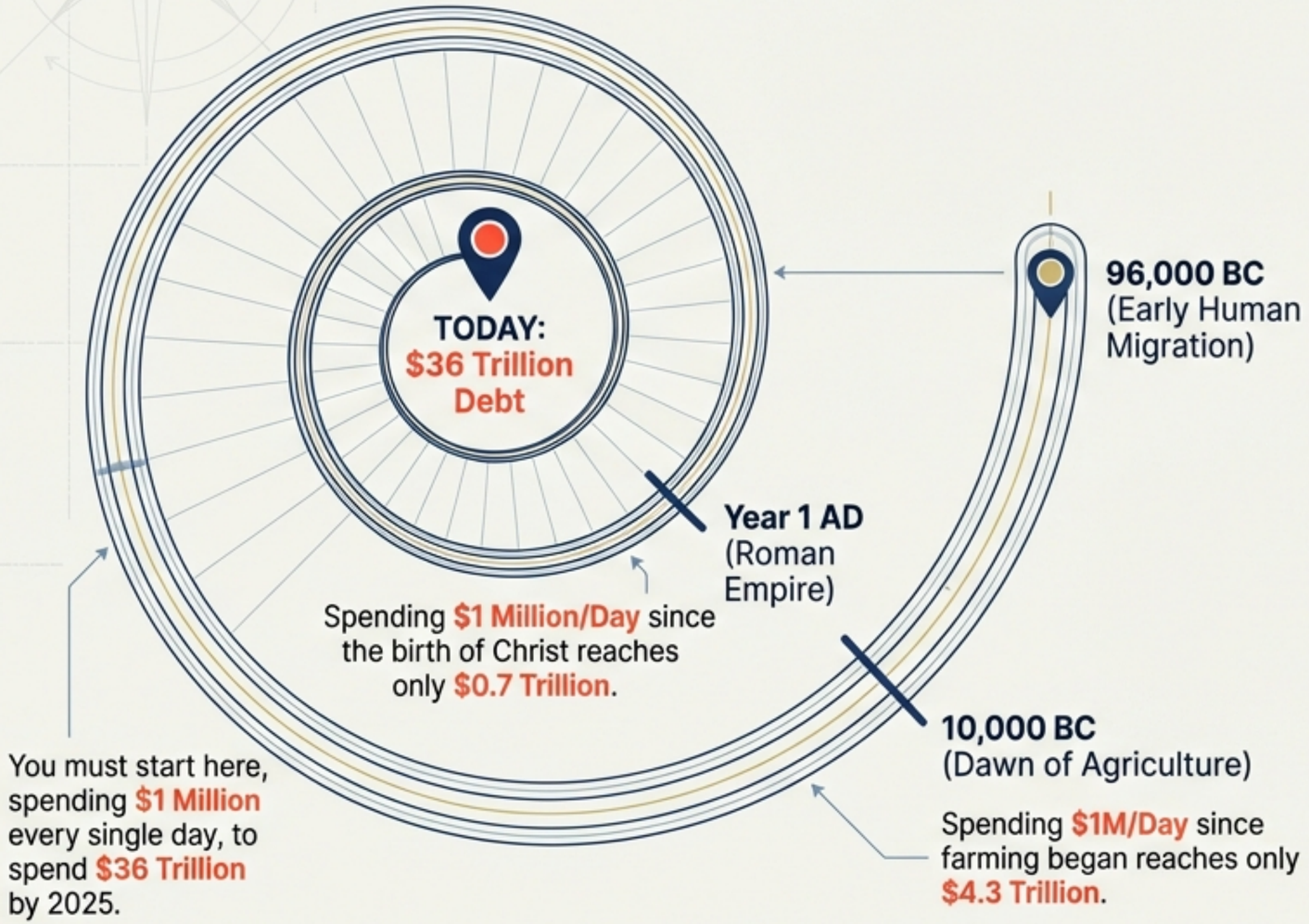
In 2024, the United States spent $1.1 trillion just to service its debt. This is not spending on infrastructure, ie, education, or soldiers. It is the cost of renting money. Interest has become the second-largest line item in the federal budgt budget, crowding out vital services.



NotebookLM

98,000 Years to Spend It

Visualizing the magnitude of **$36 Trillion.**


TODAY:
$36 Trillion
Debt
96,000 BC
(Early Human
Migration)
Year 1 AD
(Roman
Empire)
Spending $1 Million/Day since the birth of Christ reaches only $0.7 Trillion.
You must start here, spending $1 Million every single day, to spend $36 Trillion by 2025.
10,000 BC
(Dawn of Agriculture)
Spending $1M/Day since farming began reaches only $4.3 Trillion.

The human mind struggles to comprehend “Trillions.”

To exhaust the current US debt by spending one million dollars daily, you would need to have started writing checks when early humans were first migrating out of Africa.

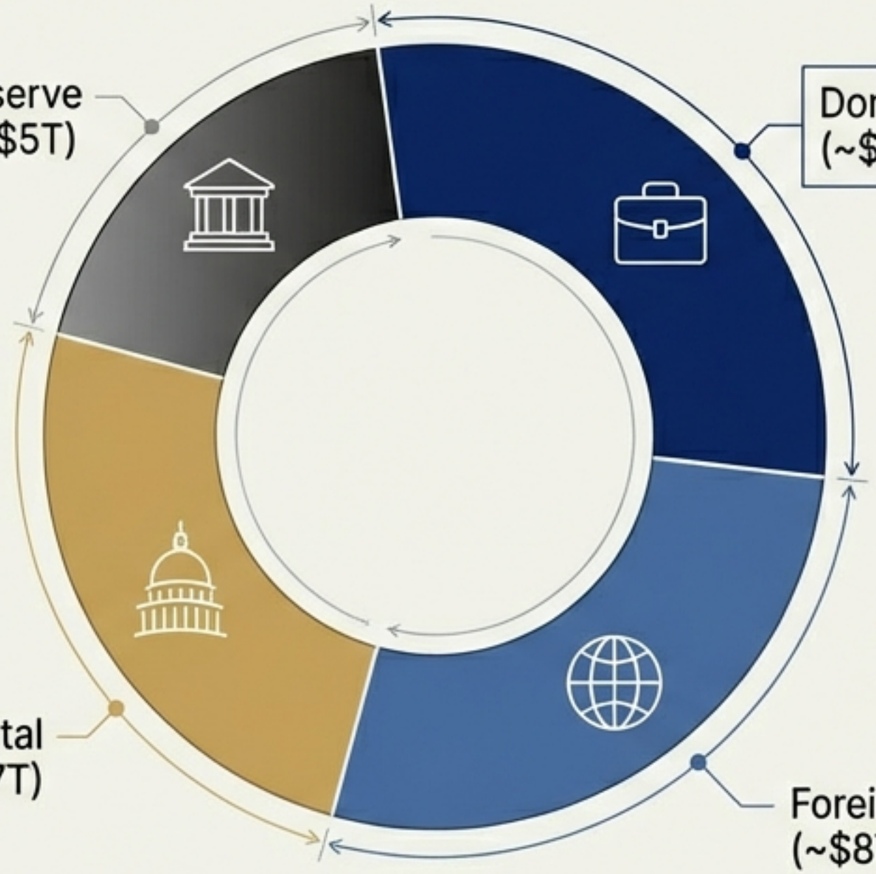
Yet, despite a $2 trillion annual deficit, the money keeps flowing.

To understand why, we must identify the lenders.

NotebookLM

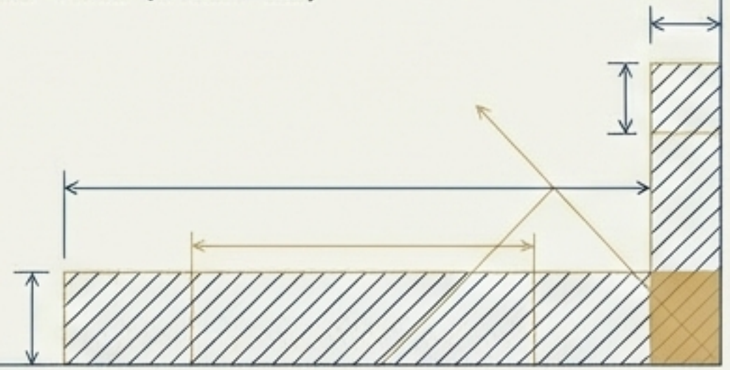
Who Owns the Debt?

The Four Pillars of American Lending



It is a common misconception that "China owns our debt." The reality is a complex ecosystem of four distinct groups, each with different motivations for keeping the machine running.

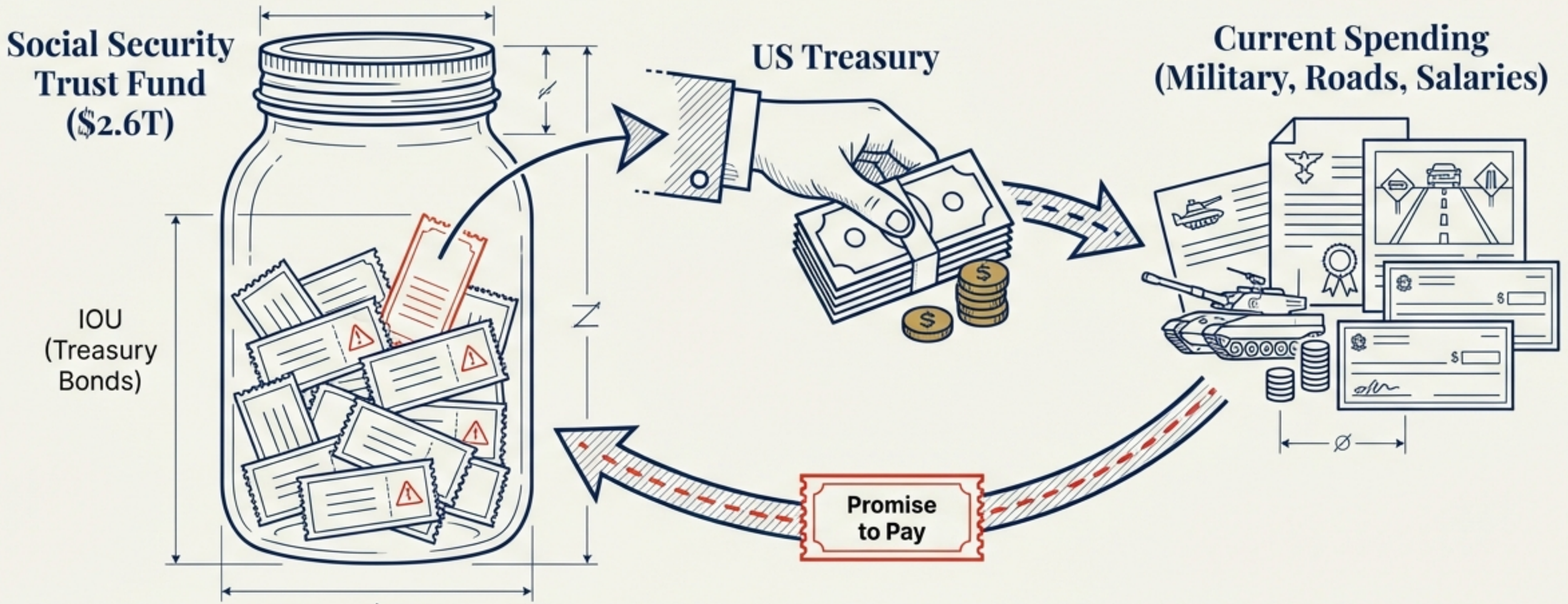
1. The People (Domestic)
2. The World (Foreign)
3. The Government (Intragovernmental)
4. The Void (The Fed)



NotebookLM

Lender 1: The Government

Borrowing from the Left Pocket to Pay the Right



Total Intragovernmental Holdings: ~$7 Trillion

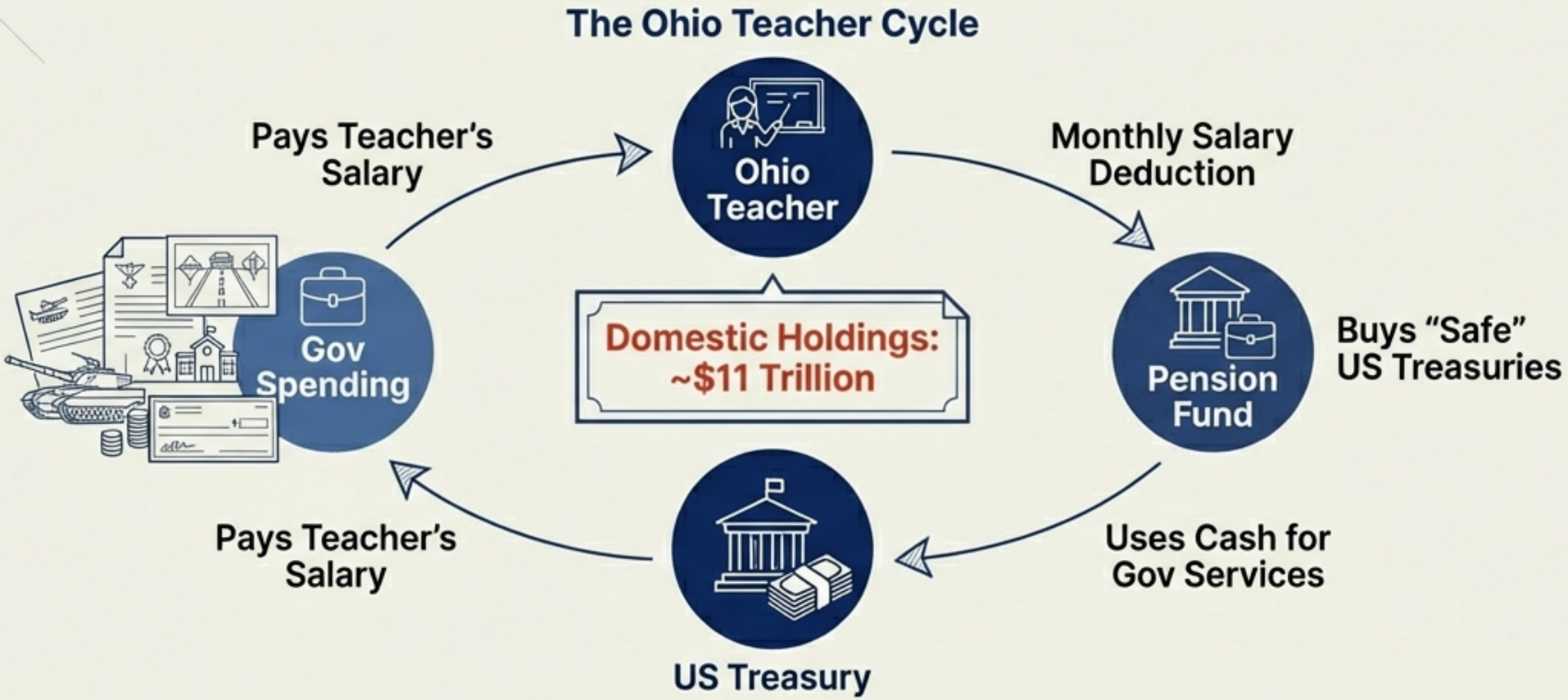
Includes: Social Security, Military Retirement, Medicare Trust Funds.

This is roughly 1/3 of the debt. The government effectively borrows from itself. It spends the surpluses collected for future social safety nets on immediate needs, replacing the cash with non-marketable bonds. It is an accounting mechanism that treats future obligations as current assets.

NotebookLM

Lender 2: The People

The Unknowing Lenders: The Ohio Teacher Paradox

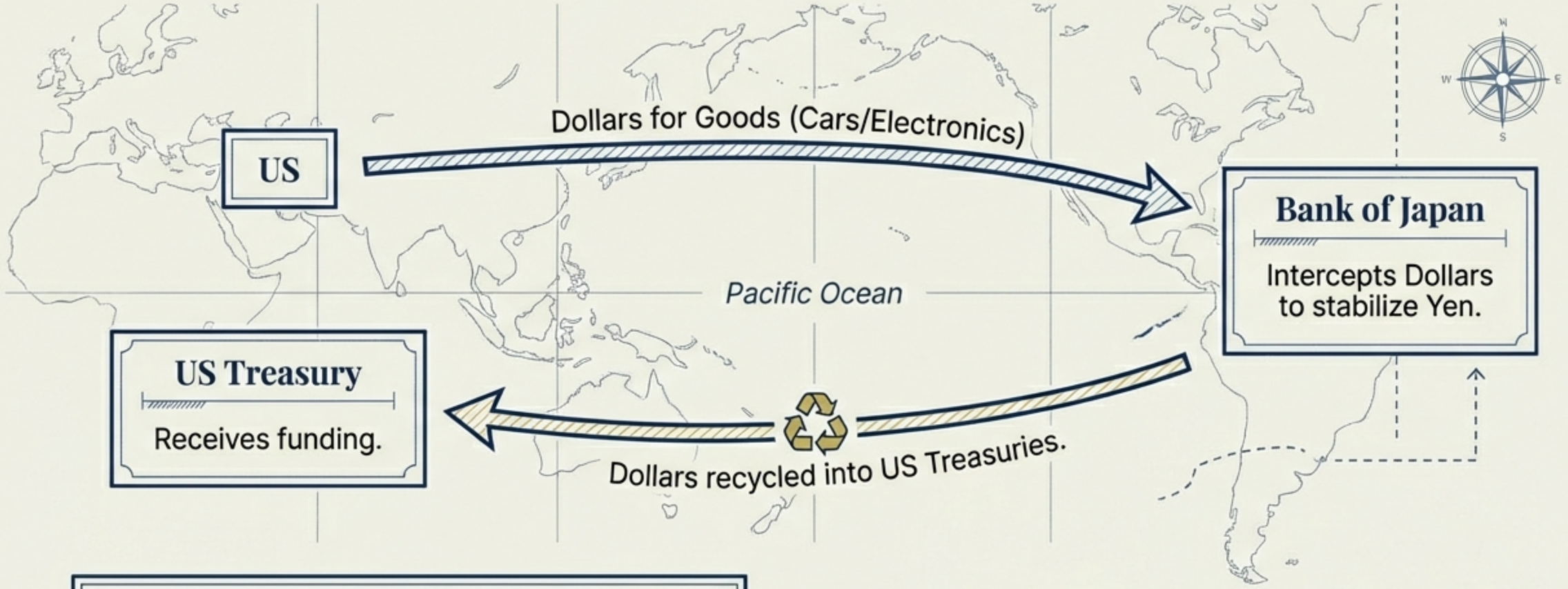


The paradox: A teacher worried about the national debt is seemingly funding it. Her pension fund holds Treasuries because they are the "safest financial asset." If the debt vanished, the foundation of her retirement security would crumble. We are simultaneously the taxpayers paying the debt and the lenders earning interest on it.

NotebookLM

Lender 3: The World

Recycling the Trade Surplus (Exorbitant Privilege)



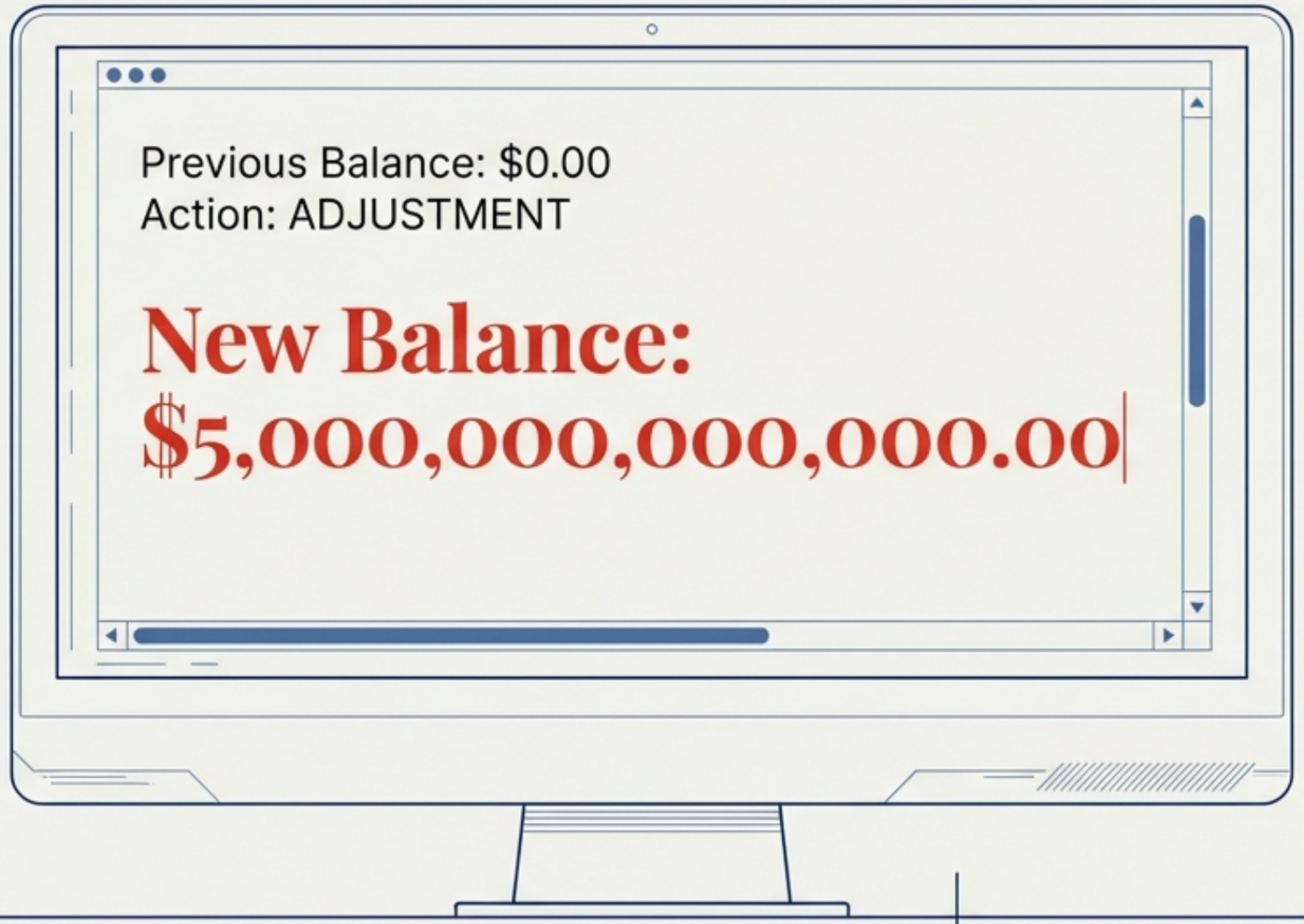
Top Foreign Holders:	1. Japan: ~$1.1 Trillion 2. China: ~$775 Billion 3. UK: ~$700 Billion

Foreigners don't buy US debt out of benevolence. They buy it to stabilize their own currencies and export economies. They need a place to park massive dollar reserves, and the US Treasury market is the only pool deep enough to hold them.

NotebookLM

Lender 4: The Void

The Federal Reserve and the Liquidity of Last Resort



Total Fed Holdings: ~$5 Trillion

When there are not enough buyers, the Federal Reserve steps in. It creates money from "thin air"—digitally increasing balances—to buy bonds.

- 2008 Crisis: ~$3.5 Trillion created (QE).
- COVID (2020-21): ~$4-5 Trillion created.

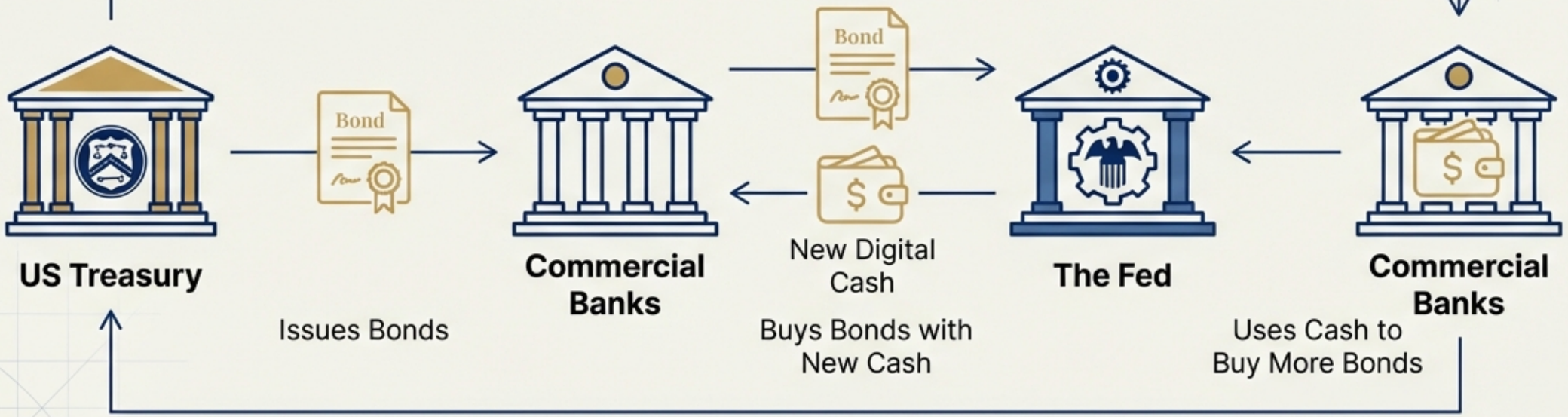
This functions like a perpetual motion machine: The government borrows, and its own central bank creates the money to lend it.

NotebookLM

The Mechanism

How to Create Money Without “Printing”

The Secondary Market Loophole



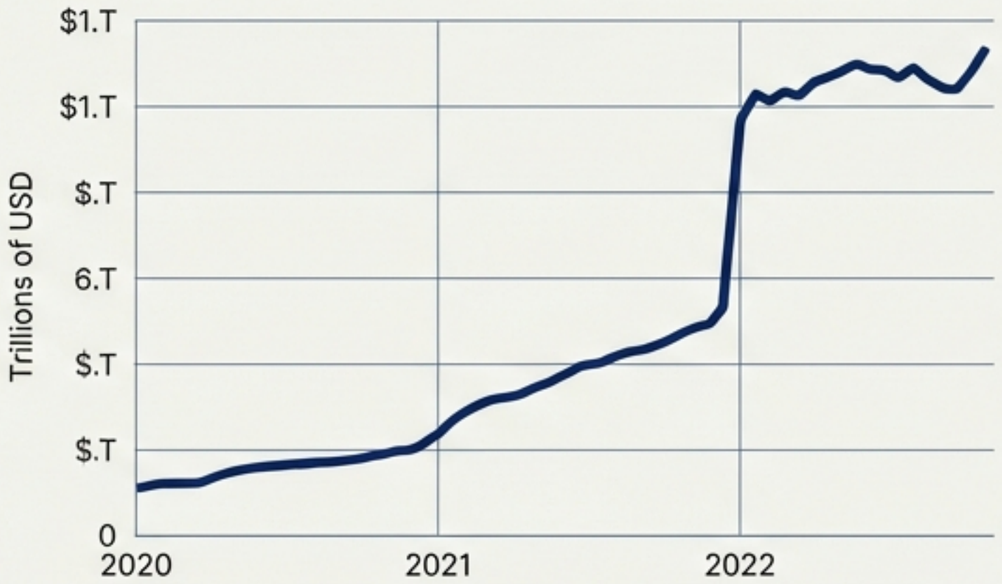
Direct financing is prohibited to preserve independence. So, the Fed buys from banks, not the Treasury. The optics change, but the result is the same: Money creation funds the deficit.

NotebookLM

There Is No Free Lunch

The Consequence of Unlimited Money

M2 Money Supply (2020-2022)



US Inflation Rate (CPI)

The limit to “unlimited” money is not the printing press; it is the value of the currency. When $4-5 trillion was created during COVID, the result was “too much money chasing too few goods.” The hidden tax of debt monetization is the erosion of purchasing power.

NotebookLM

The Crack in the Foundation

The World is Backing Away

Why are they selling?

Weaponization: Freezing Russian reserves proved dollars aren't safe if you cross the US politically.

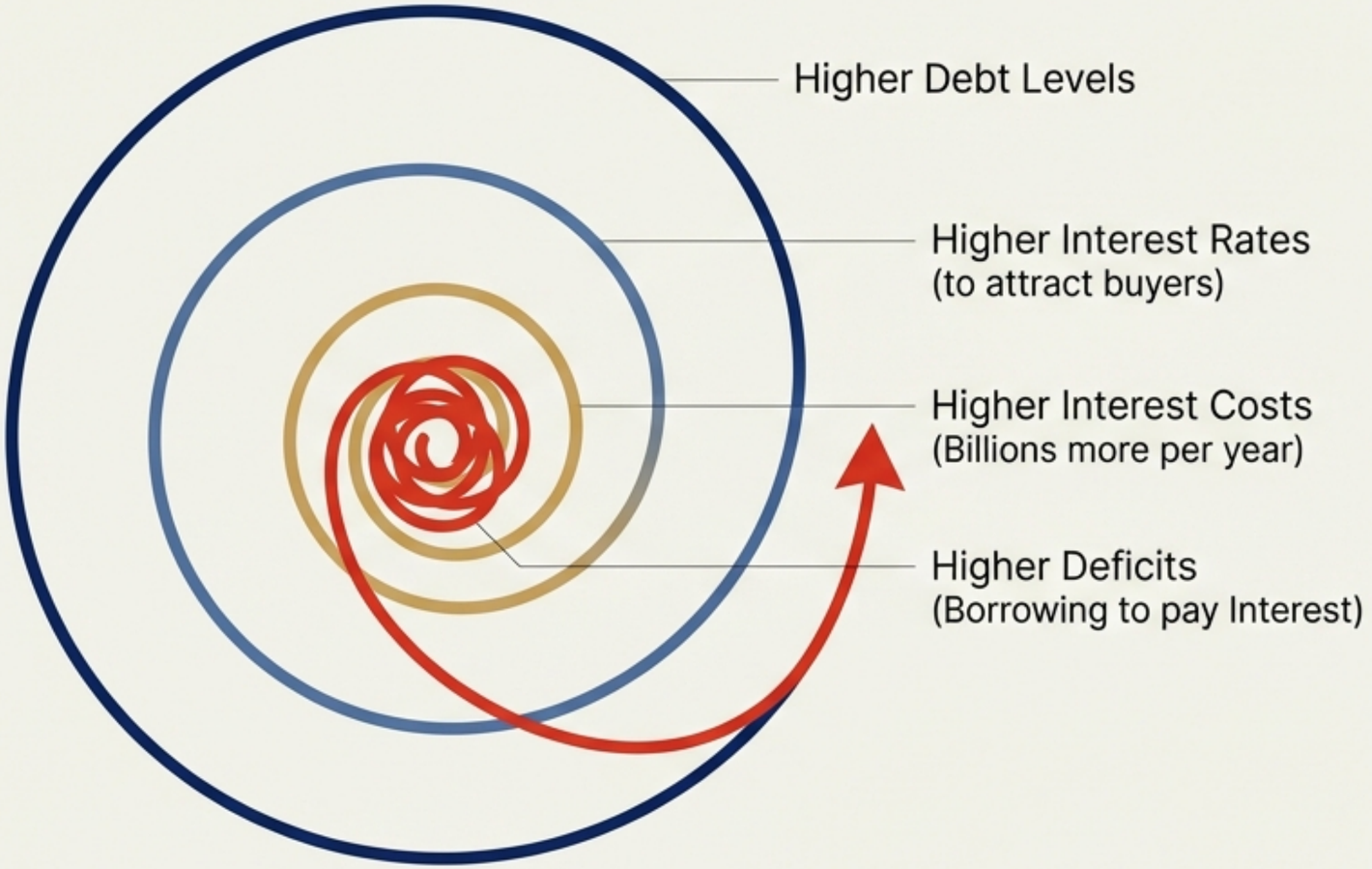
Diversification: Central banks are buying gold at record rates.

Trade Changes: More trade settled in Yuan reduces the need for Dollars.

NotebookLM

The Debt Spiral

A Self-Reinforcing Vicious Cycle



We have entered the spiral phase. We must now borrow money simply to pay the interest on the money we already borrowed. As debt rises, lenders demand higher rates, which increases the debt further. The cycle accelerates itself.

NotebookLM

When Math Meets Reality: 2034

The Crowding Out Effect

22% Interest Payments

78% For Everything Else (Military, Social Security, Infrastructure)

Projection by CBO: By 2034, interest will consume **22%** of all federal revenue. More than $1 in every $5 collected in taxes will vanish into **interest payments** before a single road is paved or a single soldier is paid.

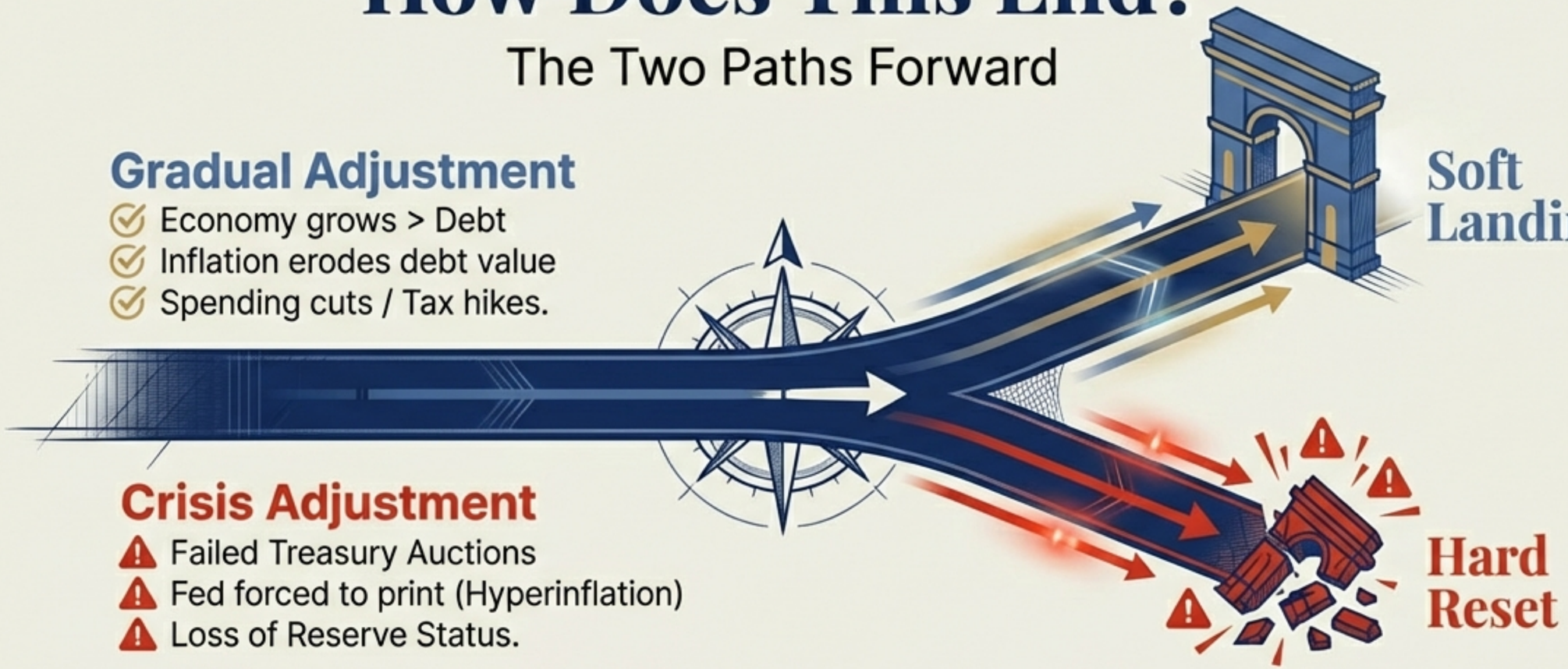
NotebookLM

How Does This End?

The Two Paths Forward

Gradual Adjustment

- Economy grows > Debt
- Inflation erodes debt value
- Spending cuts / Tax hikes.



Soft Landing

Hard Reset

Crisis Adjustment

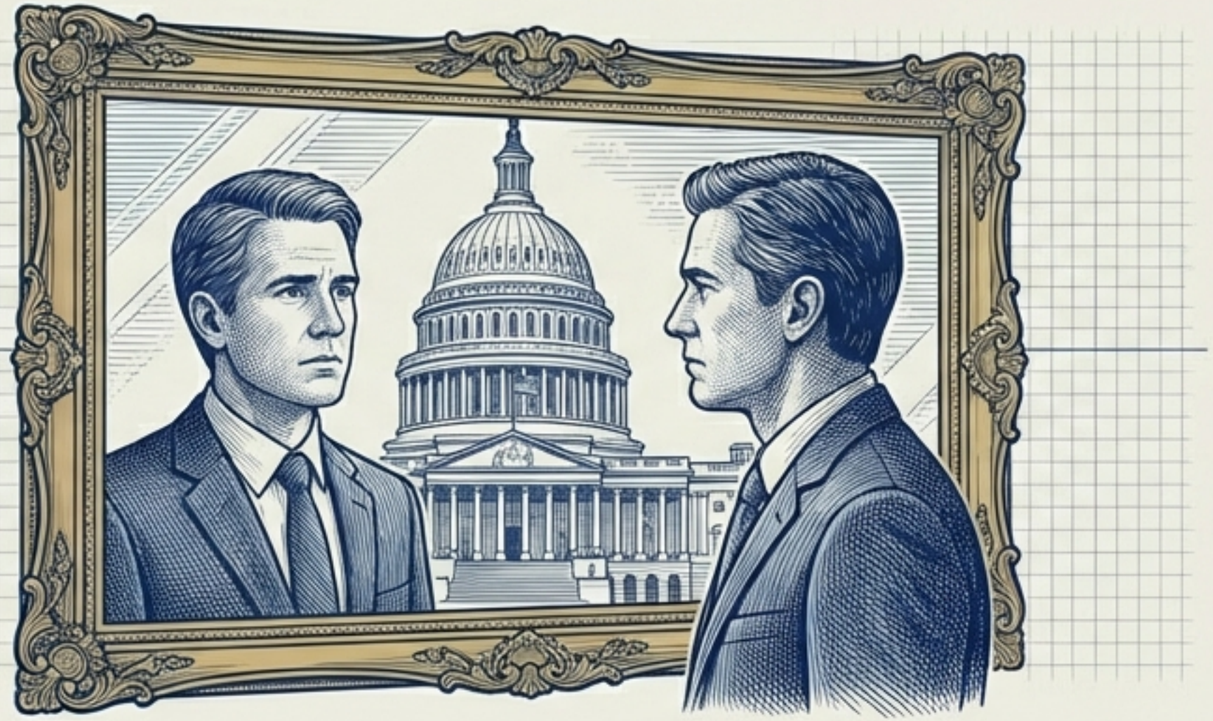
- Failed Treasury Auctions
- Fed forced to print (Hyperinflation)
- Loss of Reserve Status.

The current trajectory is mathematically **impossible.** The variable is not ***if*** it stops, but ***how***. Lenders are currently betting on Path A. But the risk of **Path B** grows with every **unaddressed deficit**.

NotebookLM

The Mirror

The Final Answer



Who keeps giving America **unlimited money? We all do.** Through our pensions, our trade, and our central bank. The system relies entirely on the belief that tomorrow will be better than today. The riddle isn't "who is lending," but **'how long** can we keep pretending this lasts **forever?'**

The $36 Trillion question is actually a test of confidence.

NotebookLM